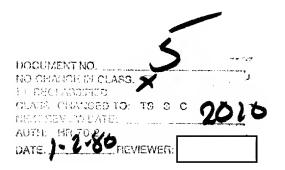
NEW SOVIET CONSUMER GOODS POLICY

Change from Stalinist policy

- New measures are underway to increase production and distribution of consumer goods.
- But predominant emphasis on heavy&defense industries continues.

Immediate measures to implement new program

- Immediate measures already taken include:
 - (1) Increased imports of consumer goods:
 - butter from Denmark and the Netherlands.
 - fish from Iceland and
 Norway:
 - meat from Australia and
 New Zealand.
 - textiles from France and Belgium;
 - (2) Withdrawals from reserves.
 - These appear smaller in
 volume than imports, but
 withdrawals of a number of
 consumer items have increased
 in frequency.



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Additional measures now underway

Reallocation of industrial

resources

- Additional consumer goods will come mainly from increased domestic production.
- Malenkov's August speech announced special expenditure plans to increase the sale of consumer goods by 10% above the amount originally scheduled for the last three-quarters of 1953.
- The government has announced the additional expenditure of 15 billion rubles in 1953 and 35 billion rubles in 1954 for the food production required by this program.
- Government calls upon the

 defense and Aviation Industries

 to retool some facilities for

 production of limited quantities
 - Heavy industry participates
 to a greater extent in production of consumer goods.

of agricultural equipment.

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- Light industry has been given higher priorities on raw materials and labor and has been ordered to

increase its output.

Economic implication of the new program

- The new consumer goods

 program will not necessitate

 major cutbacks in 1952 levels

 of armaments and heavy industrial

 production.
- It is likely that the recent suspension of work on several costly Stalinist construction projects may have been designed to permit a shift in resources to consumer goods production.
- Government stands to gain increased popularity from new consumer goods policy.
- Will also gain greater worker pro-
- 3 ductivity through added material incentives